

NEWS RELEASE



OFFICE OF THE UNITED STATES ATTORNEY SOUTHERN DISTRICT OF CALIFORNIA

San Diego, California

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For Immediate Release

U.S. NAVY PETTY OFFICER BASED IN JAPAN CHARGED IN INTERNATIONAL NAVY BRIBERY SCANDAL

NEWS RELEASE SUMMARY – April 17, 2014

SAN DIEGO – A fourth U.S. Navy official has been charged in a complaint unsealed today with accepting cash, luxury travel and consumer electronics from a foreign defense contractor in exchange for classified and internal U.S. Navy information.

Petty Officer First Class Dan Layug, 27, who enlisted in the Navy in September of 2006, was arrested Wednesday in San Diego by special agents with Naval Criminal Investigative Service and Defense Criminal Investigative Service. Layug made his initial appearance in federal court today before U.S. Magistrate Judge Karen S. Crawford, who imposed a \$100,000 bond and ordered that the defendant be subject to GPS monitoring.

According to the complaint, Layug received bribes in return for sending sensitive U.S. Navy information to employees of Glenn Defense Marine Asia (GDMA), a defense contractor. GDMA CEO Leonard Glenn Francis, 49, of Malaysia, had previously been charged with conspiring to bribe U.S. Navy officials, and GDMA executive Alex Wisidagama, 40, of Singapore, pleaded guilty on March 18, 2014, to defrauding the U.S. Navy.

Two other senior Navy officials – Commander Michael Vannak Khem Misiewicz, 46, and Commander Jose Luis Sanchez, 41 – have been charged separately with bribery conspiracies involving Francis and have pleaded not guilty. On December 17, 2013, Naval Criminal Investigative Service (NCIS) Supervisory

Special Agent John Bertrand Beliveau II, 44, pleaded guilty to bribery charges for regularly tipping off Francis to the status of the government's investigation into GDMA.

According to the complaint, Layug worked secretly on behalf of GDMA by providing classified ship schedules and other sensitive U.S. Navy information in exchange for cash, travel expenses, and consumer electronics. Court records allege that Layug used his position as a logistics specialist at a U.S. Navy facility in Yokosuka, Japan, to gain access to U.S. Navy ship schedules – some of which were classified – and other internal information, and provided this information to GDMA's vice president of global operations.

In exchange, court records allege, GDMA provided Layug with regular payments, some of which were delivered in envelopes of cash. The complaint alleges that on May 21, 2012, the vice president of global operations instructed a GDMA accountant that "at the end of each month, we will be providing an allowance to Mr. Dan Layug. Total of US \$1,000. You may pay him the equivalent in Yen. He will come by the office at the end of each month to see you."

Court records allege that, in addition to his monthly "allowance," Layug sought consumer electronics from GDMA. In an email on March 9, 2012, Layug asked the vice president of global operations "what are the chances of getting the new Ipad 3 [sic]? Please let me know." In another email exchange on May 28, 2013, Layug asked the vice president of global operations for a "bucket list" of items including a high end camera, an iPhone5 cellular phone, a Samsung S4 cellular phone, and an Ipad Mini. Shortly after sending his "bucket list" to the vice president of global operations, Layug stated in an email that "the camera is awesome bro! Thanks a lot! Been a while since I had a new gadget!"

In addition to consumer electronics, GDMA allegedly provided Layug and his friends with rooms at luxury hotels throughout Asia.

According to court documents, Layug allegedly undertook steps to conceal his bribery relationship with GDMA by, among other things, describing classified ship schedules using the code word "golf schedules" and opening a bank account in the name of his infant daughter into which he deposited portions of his "allowance."

The ongoing investigation is being conducted by NCIS, the Defense Criminal Investigative Service and the Defense Contract Audit Agency.

The case is being prosecuted by Assistant U.S. Attorneys Mark Pletcher and Robert Huie of the Southern District of California, Director of Procurement Fraud Catherine Votaw and Trial Attorneys Brian Young and Wade Weems of the Criminal Division's Fraud Section.

Those with information relating to fraud, corruption or waste in government contracting should contact the NCIS anonymous tip line at www.ncis.navy.mil or the DOD Hotline at www.dodig.mil/hotline, or call (800) 424-9098.

*The charges contained in the criminal complaint are merely allegations, and the defendant is presumed to be not guilty unless and until proven guilty.

DEFENDANT

Dan Layug

Case Number: 14mj1402

Yokosuka, Japan

SUMMARY OF CHARGES

Conspiracy to Commit Bribery in violation of 18 U.S.C. § 371

Maximum of 5 years in prison; a maximum \$250,000 fine, or twice the gross gain or loss from the offense, whichever is greater

INVESTIGATING AGENCIES

Defense Criminal Investigative Service

Naval Criminal Investigative Service